

Message Text

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20

ACTION EA-14

INFO OCT-01 NEA-10 ISO-00 NSCE-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 SAM-01 AID-20 COME-00 EB-11

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 NIC-01 DRC-01 SAJ-01 /168 W

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R 280423Z FEB 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 1061

INFO AMEMBASSY TOKYO

AMCONSUL HONG KONG

/USLO PEKING 135

AMEMBASSY JIDDA

C O N F I D E N T I A L TAIPEI 1219

E.O. 11652: GDS

TAGS: PFOR, PINT, TW, US

SUBJECT: PREMIER CHIANG'S ADMINISTRATIVE REPORT TO LEGISLATIVE YUAN

1. SUMMARY: PREMIER CHIANG'S SEMI-ANNUAL REPORT TO LEGISLATIVE YUAN FEBRUARY 26 DWELT MOSTLY ON ECONOMIC STABILIZATION MEASURES, WITH PREMIER CLAIMING SUCCESS IN COMBATING INFLATION WHILE CON-
CEDING DECREASED GROWTH RATE AND LIKELIHOOD OF UNFAVORABLE TRADE
BALANCE IN 1974. CCK REITERATED FOREIGN POLICY THEME OF NO
COMPROMISE WITH PRC, COMMENTING THAT "MANY-FACETED" RELATIONS
INSURE AGAINST ROC ISOLATION. US, SAUDI ARABIA, AND JAPAN
SINGLED OUT FOR COMMENT: PREMIER THANKED US FOR HONORING TREATY
OBLIGATIONS, SAUDI ARABIA FOR FAVORABLE TREATMENT DURING OIL
CRISIS, AND THREATENED JAPAN WITH "ABSOLUTE AND NECESSARY
ACTION" IF LATTER ACTS UNILATERALLY IN AIR RIGHTS DISPUTE.
END SUMMARY.

2. PREMIER CHIANG CHING-KUO'S FEBRUARY 26 ADMINISTRA-
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TIVE REPORT TO THE LEGISLATIVE YUAN (POUCHED EA/ROC AND

INR/REA) GAVE HEAVY EMPHASIS TO ECONOMIC PROBLEMS AND POLICY. AS IN PAST, SPEECH EXISTS IN SEVERAL VERSIONS: AS DELIVERED, OFFICIAL ENGLISH TEXT, AND OFFICIAL CHINESE TEXT.

3. PREMIER, NOTING "EXPLOSIVE" IMPACT OF POLITICAL AND ECONOMIC CHANGES DURING PAST YEAR, WARNED THAT WORLDWIDE RESULTS OF NEGOTIATION WITH COMMUNISTS ARE MORE, NOT LESS CONFRONTATION AND STRESSED "NO POSSIBILITY OF COM-PROMISE" IN ROC'S "LIFE OR DEATH" STRUGGLE WITH COMMUNISTS. IN ADDITION TO CUSTOMARY ATTACK ON PRC, OFFICIAL TEXT SINGLED OUT US, SAUDI ARABIA, AND JAPAN FOR COMMENT. ROC "GRATIFIED" BY USG COMMITMENTS AND "SINCERITY IN HONORING TREATY OBLIGATIONS"; "GRATEFUL" TO ARAB OIL PRODUCERS "ESPECIALLY SAUDI ARABIA" FOR FAVORABLE TREATMENT IN SUPPLYING PETROLEUM; AND WILL "TAKE ABSOLUTE AND NECESSARY ACTION" IF JAPAN ACTS UNILATERALLY IN AIR RIGHTS DISPUTE (SEPTEL). POINTING TO "MANY-FACETED" TIES WITH 128 COUNTRIES, PREMIER PLEDGED THAT WITH PATIENT EFFORT, ROC "SHALL NEVER BE BELEAGUERED OR ISOLATED IN THE INTER-NATIONAL COMMUNITY."

4. AS DELIVERED, MOST OF PREMIER'S SPEECH CONSISTED OF EXPANDED AND COLLOQUIAL EXPLANATION OF NEW ECONOMIC POLICY. HIGHLIGHTING DIFFICULTIES AHEAD, CCK OMITTED CUSTOMARY PREDICTIONS OF GROWTH IN PER CAPITA INCOME BUT NOTED REAL ECONOMIC GROWTH RATE WILL DECLINE TO AN ESTI-MATED 7 PERCENT. WHILE PREDICTING CONTINUED EXPANSION OF PRODUCTION AND FOREIGN TRADE, HE WARNED "TRADE BALANCE IS LIKELY TO BECOME UNFAVORABLE". PRIME GOALS CONTINUE TO BE STABILIZING COMMODITY PRICES, PREVENTING ACUTE INFLA-TION, INCREASING FOOD PRODUCTION AND IMPROVING SUPPLY, AND SUSTAINING STABLE ECONOMIC GROWTH. DEPARTING FROM OFFICIAL TEXT, PREMIER ALSO ANNOUNCED ESTABLISHMENT OF A NT\$ 3 BILLION (APPROX. US \$79 MILLION) FOOD SUBSIDY FUND AND EXPRESSED GOVERNMENT DETERMINATION TO CARRY OUT NINE MAJOR CONSTRUCTION PROJECTS REQUIRING NT\$200 BILLION (US\$5.3 BILLION). PREMIER CLAIMED SUCCESS IN CRUBING IN-FLATION, BUT CONCEDED OVERALL RESULTS OF STABLIZATION MEASURES "NOT YET CLEAR."

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TM IN FUTURE DEPARTURE FROM OFFICIAL TEXT, PREMIER CLAIMED IN PATERNALISTIC FASHION THAT WHILE HE HAS MADE MISTAKES, HE IS IN A BETTER POSITION THAN ANYBODY ELSE TO KNOW WHAT IS WRONG WITH THE COUNTRY: "I AM THE DRIVER AND I URGE ALL THE PEOPLE IN MY AUTOMOBILE TO BE FREE FROM ANXIETY WHILE ABOARD MY CAR."

6. MILITARY AFFAIRS RECEIVED SOMEWHAT MORE ATTENTION IN OFFICIAL TEXT (BUT NOT IN ORAL PRESENTATION OR IN PRESS) 5#-, 8, 43:3,5 0- 5. REPORT CALLED FOR EQUAL EMPHASIS ON OFFENSE AND DEFENSE, INCREASED "VISIBLE COMBAT CAPABILITY", AND FURTHER DEVELOPMENT OF DEFENSE SCIENCES TO ATTAIN MILITARY MODERNIZATION.

7. MEDIA TREATMENT INVARIABLY DREW ON CENTRAL NEWS AGENCY ACCOUNTS. ENGLISH LANGUAGE PRESS GAVE TOP BILLING TO PREMIER'S COMMENTS ON AIRLINE DISPUTE. OFFICIAL CHUNG YANG JIH PAO GAVE TOP PLAY TO PORTION OF SPEECH DEALING WITH ROC SUCCESS IN CRUSHING PRC "IDENTIFICATION, RETURN, AND UNIFICATION CONSPIRACY," WITH SUBSIDIARY STORY HEADLINED "WORLD ECONOMIC CRISIS CAUSED BY COMMUNIST CAMP." OTHER PAPERS VARIOUSLY STRESSED PREMIER'S COMMENTS IN ECONOMIC FIELD, UNCHANGING ROC BASIC POLICY, AND CONFIDENCE ROC WILL TRUMPH OVER THREAT OF ISOLATION. INITIAL EDITORIAL COMMENT IS SUMMED UP IN LIEN HO PAO'S REMARK THAT CCK ADMINISTRATION AND POLICIES DEMONSTRATE "AN ALLIANCE OF CONFIDENCE AND WISDOM.

8. COMMENT: TWICE-YEARLY ADMINISTRATIVE REPORTS HAVE NOW BECOME WELL-ESTABLISHED MECHANISMS IN WHICH CCK REPORTS TO THE NATION ON HIS STEWARDSHIP. DEPARTURES FROM PREPARED TEXT AND DIFFERENCES BETWEEN OFFICIAL TEXTS ARE ALSO PART OF THE OW-ESTABLISHED PATTERN. A SOMEWHAT MINATORY AND RATHER PATERNALISTIC NOTE HAS BEGUN TO CREEP INTO THESE SPEECHES, THE FORMER SEEMINGLY DIRECTED MORE TO THE SENIOR GOVERNMENT OFFICIALS SEATED IN THE GALLERY THAN TO THE LEGISLATORS, AND CONTRASTS WITH THE "LOW POSTURE" TAKEN BY CCK IN HIS FIRST YEAR AS PREMIER. THE MILITARY REFERENCES IN PARAGRAPH SIX DO NOT, WE BELIEVE, INDICATE ANY CHANGE IN THE FUNDAMENTALLY AND

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INCREASINGLY DEFENSIVE POSTURE OF THE ROC ARMED FORCES.
MCCONAUGHY

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